

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other			Local Unit Name VANDERCOOK LAKE PUBLIC SCHOOLS	County JACKSON
Fiscal Year End 06/30/2007	Opinion Date 11/11/2007	Date Audit Report Submitted to State 11/13/2007		

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

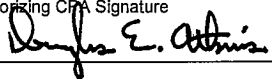
YES
NO

Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)		
Financial Statements	<input checked="" type="checkbox"/>			
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>			
Other (Describe)	<input type="checkbox"/>			
Certified Public Accountant (Firm Name) MARKOWSKI & COMPANY CPAs		Telephone Number (517) 782-9351		
Street Address 2880 SPRING ARBOR RD.		City JACKSON	State MI	Zip 49203
Authorizing CPA Signature 		Printed Name DOUGLAS E. ATKINS, CPA		License Number 1101016353

VANDERCOOK LAKE PUBLIC SCHOOLS

REPORT ON FINANCIAL STATEMENTS
(With required supplementary and additional information)

JUNE 30, 2007

VANDERCOOK LAKE PUBLIC SCHOOLS

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INDEPENDENT AUDITOR'S REPORT

MARKOWSKI & COMPANY

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ESTATE PLANNING COUNCIL OF
SOUTH CENTRAL MICHIGAN

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RONALD L. MARKOWSKI, C.P.A.
DOUGLAS E. ATKINS, C.P.A.
SCOTT O. McLANE
RANDALL D. BIDDIX, C.P.A.

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the governmental activities, major fund, and the aggregate remaining fund information of **Vandercook Lake Public Schools** (the District), as of and for the year ended June 30, 2007, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

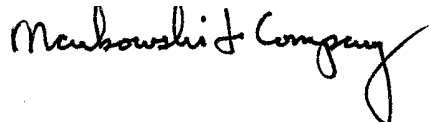
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, major fund, and the aggregate remaining fund information of Vandercook Lake Public Schools as of June 30, 2007, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 11, 2007 on our consideration of Vandercook Lake Public Schools' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Independent Auditor's Report
Page Two

The Management's Discussion and Analysis and budgetary comparison information presented on pages 3 through 9 and page 32 are not a required part of the basic financial statements but is supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise Vandercook Lake Public School's basic financial statements. The accompanying other additional information is presented for the purpose of additional analysis and is not a required part of the financial statements of the District. This additional information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.



MARKOWSKI & COMPANY CPAs
November 11, 2007

MANAGEMENT'S DISCUSSION AND ANALYSIS

VANDERCOOK LAKE PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

Vandercook Lake Public Schools, a K-12 school district located in Jackson County, Michigan, is proud to present these financial statements prepared in accordance with the provisions of Government Accounting Standards Board (GASB) Statement 34 with the enclosed financial statements. This section, Management's Discussion and Analysis, a requirement of GASB Statement 34, is intended to be the Vandercook Lake Public School's discussion and analysis of the financial results of the year ended June 30, 2007. It should be read in conjunction with the District's basic financial statements, which begin on page 10.

USING THIS ANNUAL REPORT

Generally accepted accounting principles (GAAP) according to GASB 34 require the reporting of two types of financial statements: District Wide Financial Statements and Fund Financial Statements.

District Wide Financial Statements:

The District Wide financial statements attempt to answer the question "Are today's taxpayers paying for current services, or are these costs being passed off to future taxpayers?" The District Wide financial statements are full accrual basis statements. They report all of the District's assets and liabilities, both short and long term, regardless if they are "currently available" or not. All of the current year's revenues and expenses are reported regardless of when cash is received or paid. Capital assets and long term obligations of the District are reported in the Statement of Net Assets of the District Wide financial statements.

The District Wide financial statements are designed to assist in analyzing whether the current recipients of services are paying the true cost of these services, or if the burden is being shifted to future taxpayers. A positive amount of net assets indicates that these costs are being paid for currently. Over time, increases or decreases in the District's net assets are an indicator of whether the District's long term financial health is improving or declining.

Fund Financial Statements:

The Fund financial statements, or traditional statements, attempt to answer the question "What did the District do with the money it received this year?" The fund level financial statements are presented on a modified accrual basis. Only those assets that are "measurable" and "currently available" are reported. Liabilities are recognized to the extent that they are normally expected to be paid with current financial resources.

The Fund financial statements are formatted to comply with the legal requirements of the Michigan Department of Education's "Accounting Manual". In the State of Michigan, the District's major instructional and instructional support activities are reported in the General Fund. Additional activities are reported in their relevant funds including: Special Revenue (School Service) Funds - Athletics Fund and the School Lunch Fund, the Debt Service Fund, and Capital Projects Fund. The District reports assets it is holding on behalf of others in its Student Activities Fiduciary Fund.

VANDERCOOK LAKE PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

The Fund financial statements focus on the how the District used the resources available to it during the current year. Purchased capital assets are reported as expenditures in the year of acquisition; no asset is reported. The issuance of debt is recorded as a financial resource. The current year's payments of principal and interest on long term obligations are recorded as expenditures. Future years' debt obligations are not recorded.

FINANCIAL POSITION – THE DISTRICT AS A WHOLE:

The following summarizes the District's net assets at fiscal year end June 30, 2007 and 2006:

Net Assets Summary:

	June 30, 2007	June 30, 2006
Assets:		
Current assets	\$ 3,240,481	\$ 2,968,408
Capital assets	12,125,652	12,211,988
Less: Accumulated depreciation	(5,244,378)	(5,014,686)
Net capital assets	6,881,274	7,197,302
Other noncurrent assets	399,242	446,532
Total noncurrent assets	7,280,516	7,643,834
Total assets	\$ 10,520,997	\$ 10,612,242
Liabilities:		
Current liabilities	\$ 1,543,594	\$ 1,410,524
Long term liabilities	4,534,389	4,805,701
Total liabilities	6,077,983	6,216,225
Net Assets:		
Invested in capital assets, net of related debt	2,307,033	2,340,245
Restricted for debt service	129,840	101,916
Unrestricted	2,006,141	1,953,856
Total net assets	4,443,014	4,396,017
Total liabilities and net assets	\$ 10,520,997	\$ 10,612,242

VANDERCOOK LAKE PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

Changes in District net assets for the past two years are summarized below:

	Year Ending June 30, 2007	Year Ending June 30, 2006
Revenue:		
Program Revenue:		
Charges for services	\$ 376,233	\$ 348,270
Operating grants/categorical state aid	1,250,877	1,404,715
General Revenue:		
Property taxes	1,010,181	986,624
State aid - Unrestricted	9,018,572	8,677,592
Interest and investment earnings	56,292	46,747
Other	90,968	79,138
Total revenue	<u>11,803,123</u>	<u>11,543,086</u>
Function/Program Expenses:		
Instruction	7,161,678	7,120,009
Support services	3,293,623	3,163,559
Community Services	116,105	122,717
Athletics	237,622	237,230
Food Service	465,708	446,332
Interest on long term debt	226,214	230,261
Depreciation (Unallocated)	255,176	252,002
Total expenses	<u>11,756,126</u>	<u>11,572,110</u>
Increase in Net Assets	<u>\$ 46,997</u>	<u>\$ (29,024)</u>

Analysis of Financial Position:

An increase in the number of students has resulted in increased state funding for the District. This has helped the District cope with reductions in grant funds available for programs. Of course, along with an increase in students, the program costs increased as well. As the above table presents, most of the increased costs are in the instruction area, as efforts have been made to keep classroom intact to the greatest extent possible.

During the fiscal year ended June 30, 2007, the District's net assets increased by \$46,997. With District expenses using the full accrual method totaling \$11.75 million annually, this is a break even year for all intents and purposes.

The answer to the question regarding whether or not current taxpayers are paying for current services is a definite YES in the Vandercook Lake Public Schools.

VANDERCOOK LAKE PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

Analysis of Financial Position: (Continued)

The reasons for the decrease in net assets are discussed below:

1. General District Activities

For the general operations of the District (Instruction, support activities such as transportation and plant maintenance, athletics, and school lunch), the District ended the year with a \$273,000 decrease in net assets. This is after depreciation expense of \$382,000 is charged to operating expenses, and the, but excludes items such as capital assets purchased with operating funds (\$80,000), decrease in the sick pay liability of \$20,000 and principal payments on bus loans paid with operating funds (\$46,000) which are expensed under the traditional reporting model.

2. Debt Service Activity

Because the District wide statements report principal repayments as a reduction of the liability rather than an expense, the debt service fund ended with a surplus of approximately \$248,000. Current tax levies are sufficient to retire both principal and interest when due.

3. Capital Projects Activity

Capital asset acquisitions are not considered an expense in the District Wide financial statements. During its 2006 fiscal year, the District spent \$62,000 on small purchases and nonrecurring repairs. With that adjustment, this fund actually experienced a \$70,000 increase in net assets.

As reported in the Statement of Activities, the cost of all governmental activities this year was \$11.75 million. Certain activities were partially funded by those benefiting from the programs (\$376,000) or by other governments and organizations that provided grants and categorical payments (\$1.25 million). The remaining costs of the District, \$10.1 million, were paid for with taxes of \$1,010,000, general state aid of \$9 million, and other revenues of \$91,000.

FINANCIAL POSITION – FUND FINANCIAL STATEMENTS

As noted earlier, the District uses funds to help it control and manage money for particular purposes. A review of the fund financial statements helps consider whether the District is being accountable for the resources taxpayers and others provide to it, and also provide insight into the District's overall financial health.

The governmental funds reported a \$121,090 increase in combined fund balance during the year ended June 30, 2007. \$92,000 of this increase occurred in the General Fund.

The Building & Site Fund spent \$118,000, which equaled the 2007 transfer from the General Fund. This was spent on bathroom renovations at the high school (\$33,000), a boiler at Townsend Elementary (\$25,000) and various building improvements.

VANDERCOOK LAKE PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

GENERAL FUND BUDGETARY HIGHLIGHTS

The District adopts its original budget in June, prior to the start of the fiscal year. This budget requires amendments due to the timing of its preparation in relation to knowledge surrounding revenue sources which will be available to the District.

The original budget is prepared using certain assumptions regarding student counts, which have a major impact on available revenues. The District's general state aid is computed using a \$7,025 per student foundation allowance (reduced by per student tax revenues generated locally). The number of students the state uses for aid purposes are based on 25% of the February student count from the previous fiscal year and 75% of the student count taken in September of the current fiscal year. The September student count information is obviously not available when preparing the original budget.

With that in mind, the changes to the original General Fund budget were relatively minor. The original budgeted revenues were \$10,844,193; the final budget was slightly lower at \$10,804,579. Budgeted expenditures decreased by 0.1% to \$10,798,829 (from \$10,809,866). Many of the budgetary changes dealt with moving appropriations between functions to better reflect the changes in operations during the school year.

Overall, student count projections and estimated expenditures were very close to planned amounts, even when considering the uncertainty surrounding state finances available to the District.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2007, the District had \$12.2 million invested in a range of capital assets including land, buildings and improvements, furniture and equipment, and vehicles. This amount represents a decrease of \$316,000 from the beginning balance. Current additions included bathroom renovations at the high school (\$33,000), a boiler at Townsend Elementary (\$25,000) and various building improvements. The District disposed of several old computers during 2007. A summary of capital asset activity is as follows:

Asset Type	Balance 6/30/06	Additions	Disposals	Balance 6/30/07
Land	\$ 89,783	\$ -	\$ -	\$ 89,783
Buildings and Improvements	9,780,764	72,088	-	9,852,852
Improvements other than Buildings	448,129	1,994	-	450,123
Equipment - Instruction	1,000,585	5,540	(142,749)	863,376
Equipment - Support	426,447	-	(23,209)	403,238
Other Vehicles	69,508	-	-	69,508
Buses	396,772	-	-	396,772
	<u>\$ 12,211,988</u>	<u>\$ 79,622</u>	<u>\$ (165,958)</u>	<u>\$ 12,125,652</u>

VANDERCOOK LAKE PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)

Debt

At the end of the year, the District had the following long term debt:

	Balance 6/30/06	Additions	Repayments	Balance 6/30/07
Installment Purchase				
Agreements	\$ 103,251	\$ -	\$ (46,457)	\$ 56,794
Bonds Payable	4,700,000	-	(220,000)	4,480,000
<i>Durant</i> Bond Payable	37,447	-	-	37,447
	<u>\$ 4,840,698</u>	<u>\$ -</u>	<u>\$ (266,457)</u>	<u>\$ 4,574,241</u>

The District anticipates repayments on the installment purchase agreements (notes payable) will be made from current general revenues, as has been the case in past years.

The bonds payable actually consist of two distinct issues. One relates to the voter approved debt issued by the District after residents approved it in 1997. These 1997 bonds were refinanced during the 2005 fiscal year to take advantage of lower interest rates. These new bonds were sold at a true interest rate of 4.09%, which will save the District \$436,000 over the life of the bonds (\$233,892 in today's dollars). The District can levy an unlimited millage to retire this debt. During 2007, the District decreased its levy from 4.6 mills to 4.2 mills (1 mill = \$1 per \$1,000 of taxable value) for debt service. The balance of these bonds at June 30, 2007 was \$4,480,000.

The State of Michigan is obligated to pay the debt service on the *Durant* bonds, which were issued as part of a settlement regarding state underfunding of special education services

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The elected school board members and school administration consider many factors when setting the District's 2007/2008 General Fund budget. One of the most important factors is the student count. As discussed earlier, the District's state aid is based on a per pupil basis, with the number of pupils determined using 25% of the February 2007 and 75% of the September 2007 pupil counts. The state aid represents approximately 75% of the total revenue for the General Fund. We are currently expecting a small decrease in the September 2007 pupil count.

The District is heavily dependent on the State for its General Fund revenues. As a result, the overall state economy has a direct impact on the District's level of funding. For the past two years, the State's tax collections have been decreasing. As of this date, the State governor has promised that the foundation allowance (\$7,250 per pupil for the District) will not be reduced during the year. This allowance is the up \$225 from the 2006/2007 allowance. Similar to prior year, cuts could be made in categorical payments, which could have a negative impact on the District's finances.

VANDERCOOK LAKE PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET (Continued)

The District continues to see its health care costs increase as well. District employees have agreed to shoulder a portion of these premium increases, but at the current rate the District will pay \$20,000 per year for each covered employee by 2010.

Finally, the District has long been a beneficiary of the State's Schools of Choice law. Almost one-third of the District's students are non-residents electing to attend Vandercook Lake Public Schools because of the academic opportunities and caring atmosphere offered by the District. There are no guarantees that this will continue, although signs indicate that for Jackson area children, Vandercook Lake Public Schools continue to be the "School of Choice".

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the residents and taxpayers with a general overview of the District's finances. If you have questions about this report or need additional information, contact the Superintendent's Office, 1000 E. Golf St., Jackson, Michigan 49203.

BASIC FINANCIAL STATEMENTS

District-Wide Financial Statements:

Statement of Net Assets

Statement of Activities

Fund Financial Statements:

Combined Balance Sheet

Statement of Revenues, Expenditures, and Changes in Fund Balance

Reconciliation of Fund Financial Statements to Government-Wide Financial Statements

Statement of Fiduciary Net Assets

VANDERCOOK LAKE PUBLIC SCHOOLS
STATEMENT OF NET ASSETS
JUNE 30, 2007

Assets	<u>Governmental Activities</u>
Current Assets:	
Cash and cash equivalents	\$ 1,627,228
Taxes receivable	2,085
Due from other governmental units	1,586,672
Prepaid Expenses	18,625
Inventory	5,871
Total current assets	<u>3,240,481</u>
Noncurrent Assets:	
Capital assets - Less accumulated depreciation of \$5,244,378	6,881,274
Bond issuance costs - Less accumulated amortization of \$135,413	399,242
Total noncurrent assets	<u>7,280,516</u>
Total assets	<u>10,520,997</u>
 Liabilities and Fund Balances	
Liabilities:	
Current Liabilities:	
Accounts payable	121,525
Interest payable	30,060
Salaries payable	722,163
Accrued expenses	397,796
Deferred revenue	16,518
Notes and leases payable within one year	25,532
Bonds payable within one year	230,000
Total current liabilities	<u>1,543,594</u>
Noncurrent Liabilities:	
Accrued sick pay	215,680
Notes and leases payable	31,262
Bonds payable	4,287,447
Total noncurrent liabilities	<u>4,534,389</u>
Total liabilities	<u>6,077,983</u>
Net Assets:	
Invested in capital assets, net of related debt	2,307,033
Restricted for debt service	129,840
Unrestricted	2,006,141
Total net assets	<u>\$ 4,443,014</u>

The accompanying notes are an integral part of the financial statements.

VANDERCOOK LAKE PUBLIC SCHOOLS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2007

		Program Revenues		Governmental Activities
		Charges For	Operating	Net (Expense)
	Expenses	Services	Grants	Revenue and Change in Net Assets
Functions/Programs:				
Governmental Activities:				
Instruction	\$ 7,161,678	\$ 28,824	\$ 968,951	\$ (6,163,903)
Support services	3,293,623	-	16,122	(3,277,501)
Community services	116,105	103,422	-	(12,683)
Athletics	237,622	53,428	-	(184,194)
School Lunch	465,708	190,559	265,804	(9,345)
Interest on long term debt	226,214	-	-	(226,214)
Depreciation (Unallocated)	255,176	-	-	(255,176)
Total Governmental Activities	<u>\$ 11,756,126</u>	<u>\$ 376,233</u>	<u>\$ 1,250,877</u>	<u>(10,129,016)</u>
General Revenues:				
Taxes:				
Property taxes, levied for general operations				584,684
Property taxes, levied for debt service				425,497
State of Michigan aid, unrestricted				9,018,572
Interest and investment earnings				56,292
Loss on sale of asset				(14,078)
Other				105,046
Total general revenues				<u>10,176,013</u>
Change in Net Assets				46,997
Net assets - Beginning				<u>4,396,017</u>
Net assets - Ending				<u><u>\$ 4,443,014</u></u>

The accompanying notes are an integral part of the financial statements.

VANDERCOOK LAKE PUBLIC SCHOOLS
COMBINED BALANCE SHEET
JUNE 30, 2007

<u>ASSETS AND OTHER DEBITS</u>	GENERAL	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS:			
Cash and cash equivalents	\$ 1,603,673	\$ 23,555	\$ 1,627,228
Taxes receivable	1,688	397	2,085
Due from other governments	1,586,672	-	1,586,672
Prepaid expenses	18,625	-	18,625
Inventory	-	5,871	5,871
Internal balances	(127,870)	127,870	-
	<hr/>	<hr/>	<hr/>
Total assets and other debits	\$ 3,082,788	\$ 157,693	\$ 3,240,481
	<hr/>	<hr/>	<hr/>
<u>LIABILITIES, FUND BALANCE AND OTHER CREDITS</u>			
LIABILITIES:			
Accounts payable	\$ 121,525	\$ -	\$ 121,525
Salaries payable	722,163	-	722,163
Accrued expenses	397,796	-	397,796
Deferred revenue	16,518	-	16,518
Total liabilities	1,258,002	-	1,258,002
	<hr/>	<hr/>	<hr/>
FUND BALANCES:			
Reserved for prepaids/inventory	18,625	5,871	24,496
Reserved for debt service	-	129,840	129,840
Designated for installment purchase agreements	60,132	-	60,132
Unreserved and undesignated	1,746,029	21,982	1,768,011
Total fund equity	1,824,786	157,693	1,982,479
	<hr/>	<hr/>	<hr/>
Total liabilities and fund balance	\$ 3,082,788	\$ 157,693	\$ 3,240,481
	<hr/>	<hr/>	<hr/>

The accompanying notes are an integral part of the financial statements.

VANDERCOOK LAKE PUBLIC SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

	GENERAL	NONMAJOR GOVERNMENTAL FUNDS	TOTALS
Revenues:			
Local sources	\$ 877,973	\$ 669,779	\$ 1,547,752
State sources	9,376,420	24,200	9,400,620
Federal sources	152,857	241,604	394,461
Interdistrict sources	483,505	-	483,505
Total revenues	<u>10,890,755</u>	<u>935,583</u>	<u>11,826,338</u>
Expenditures:			
Current:			
Instruction - Basic programs	5,729,469	-	5,729,469
Instruction - Added needs	1,329,747	-	1,329,747
Support services	3,180,213	-	3,180,213
Other	-	-	-
Community services	116,010	-	116,010
Athletics	-	228,769	228,769
School Lunch	-	458,388	458,388
Debt service	49,977	397,763	447,740
Capital outlay	76,752	138,160	214,912
Total expenditures	<u>10,482,168</u>	<u>1,223,080</u>	<u>11,705,248</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>408,587</u>	<u>(287,497)</u>	<u>121,090</u>
Other Financing Sources (Uses):			
Operating Transfers In (Out)	(316,661)	316,661	-
Total Other Financing Sources (Uses)	<u>(316,661)</u>	<u>316,661</u>	<u>-</u>
Net Changes in Fund Balances	91,926	29,164	121,090
Fund Balance - Beginning	<u>1,732,860</u>	<u>128,529</u>	<u>1,861,389</u>
Fund Balance - Ending	<u>\$ 1,824,786</u>	<u>\$ 157,693</u>	<u>\$ 1,982,479</u>

The accompanying notes are an integral part of the financial statements.

VANDERCOOK LAKE PUBLIC SCHOOLS
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT
OF NET ASSETS AND RECONCILIATION OF THE STATEMENT OF REVENUE,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
AS OF AND FOR THE YEAR ENDED JUNE 30, 2007

Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Assets:

Total Governmental Fund Balances	\$	1,982,479
Amounts reported for governmental activities in the statement of net assets because:		
Capital assets used in governmental activities are not financial resources. Accordingly, they are not reported on the governmental funds balance sheet.		
The cost of capital assets is:	\$	12,125,652
Accumulated depreciation is:	<u>(5,244,378)</u>	6,881,274
Bond issuance costs are not financial resources, and therefore are not reported on the governmental funds balance sheet.		
The balance of unamortized bond issue costs is:		399,242
Accrued interest is not included as a liability in governmental funds.		(30,060)
Long term liabilities are not payable from current resources. As a result, they are not reported on the governmental fund balance sheet.		
Bonds and notes payable balance is:		(4,574,241)
Accrued sick pay is:		<u>(215,680)</u>
	<u>\$</u>	<u>4,443,014</u>

The accompanying notes are an integral part of the financial statements.

VANDERCOOK LAKE PUBLIC SCHOOLS
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT
OF NET ASSETS AND RECONCILIATION OF THE STATEMENT OF REVENUE,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
AS OF AND FOR THE YEAR ENDED JUNE 30, 2007

**Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities:**

Net changes in fund balances - Total Governmental Funds	\$	121,090
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures; in the statement of activities these costs are allocated to expense over their useful lives as depreciation expense.		
Depreciation expense	\$	(381,572)
Capital outlay		79,622
		<u>(301,950)</u>
Sales proceeds from the disposal of capital assets are recognized as income in the governmental fund financial statements, this is reduced by the net book value of the assets disposed of in the statement of activities		(14,078)
Interest expense is reported in the statement of activities when incurred; it is not reported as an expenditure in the governmental fund financial statements until it is paid.		2,359
Interest expense is increased by the amortization of loss on bond refunding		(17,483)
Interest expense is increased by the amortization of bond issuance costs.		(29,807)
Bond, note and lease principal payments are reported as an expenditure in the governmental funds; they reduce the long term debt liabilities in the statement of activities		266,457
Sick pay is recorded in governmental funds when paid; it is expensed as earned in the statement of activities		<u>20,409</u>
Change in Net Assets of Governmental Activities	\$	<u><u>46,997</u></u>

The accompanying notes are an integral part of the financial statements.

VANDERCOOK LAKE PUBLIC SCHOOLS
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS - STUDENT ACTIVITIES AGENCY FUND
JUNE 30, 2007

Assets	
Cash	\$ 75,437
Accounts Receivable	-
Due from other funds	-
	<hr/>
Total Assets	<u><u>\$ 75,437</u></u>
 Liabilities	
Due to other funds	\$ -
Due to student groups	75,437
	<hr/>
Total Liabilities	<u><u>\$ 75,437</u></u>

The accompanying notes are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

VANDERCOOK LAKE PUBLIC SCHOOLS
INDEX TO THE NOTES TO THE FINANCIAL STATEMENTS

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VANDERCOOK LAKE PUBLIC SCHOOLS
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VANDERCOOK LAKE PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The basic financial statements of the Vandercook Lake Public Schools (the District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Boards (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below:

1. Reporting Entity:

Vandercook Lake Public Schools is a public school district created under the laws of the State of Michigan. It is governed by an elected seven-member Board of Education, which has control over all activities related to public school education within the District. Located in Jackson County, Michigan, the District provides K-12 educational programs to approximately 1,345 students. The District receives funding from local, state, and federal government sources and must comply with all of the requirements of these funding source entities. However, the District is not included in any other governmental reporting entity as defined by GAAP. In addition, these financial statements do not include the Parent-Teacher organizations or other booster groups (although their receipts and disbursements are reported in the Activity Fund by District policy.)

2. District-Wide and Fund Financial Statements:

The District-Wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all the non-fiduciary activities of the primary government (the District). For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business activities, which rely to a significant extent on fees and charges for support. All of the District's activities are considered governmental activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or program are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenue* includes both (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes, intergovernmental payments, and other items not properly included among program revenue are reported as *general revenue*.

In the District-Wide statement of net assets, the governmental activities column (a) is presented on a consolidated basis, (b) and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

VANDERCOOK LAKE PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

2. District-Wide and Fund Financial Statements: (Continued)

The District first utilizes restricted resources to finance qualifying activities.

The District-Wide statement of activities reports both the gross and net cost of each of the District's functions. The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, etc.). The statement of activities reduces gross expenses by related program revenues and operating grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either capital or operating) grants.

The net costs (by function) are normally covered by general revenue (property taxes, state sources, intermediate district sources, interest income and other revenues).

The District does not allocate indirect costs.

This District-Wide focus is more on the sustainability of the District as an entity and the change in the District's net assets resulting from the current year's activities.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the District-Wide financial statements. Major individual governmental funds are reported as a separate column in the fund financial statements.

Governmental Funds – Governmental funds are those funds through which most of the District's functions typically are financed. The acquisition, use and balances of the District's expendable financial resources and the related current liabilities are accounted for through governmental funds.

The District reports the following as its **major** governmental fund:

The *general fund* is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.

Other Non-major Funds

The *special revenue funds* account for revenue sources that are legally restricted to expenditures for specific purposes (not including major capital projects). The District accounts for its athletic and school lunch program activities in special revenue funds.

The *debt service fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of the District.

The *capital projects fund* accounts for resources accumulated to fund major, non-recurring repairs to District properties.

VANDERCOOK LAKE PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

2. District-Wide and Fund Financial Statements: (Continued)

Fiduciary funds account for assets held by the District as an agent on behalf of others. Fiduciary funds are not included in the district-wide statements.

The *agency fund* is custodial in nature and does not present results of operations or have a measurement focus. Agency funds use the accrual method of accounting. This fund is used to account for assets the District holds for others in an agency capacity (primarily student activities).

3. Measurement Focus, Basis of Accounting, and Basis of Presentation:

Accrual Method

The district-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recorded as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Modified Accrual Method

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual (i.e., when they are “measurable and available”). “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The government considers all revenues available if they are collected within 60 days after year end. Expenditures are recorded when the related fund liability is incurred, except for certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Property taxes and interest are susceptible to accrual. Other receipts and taxes become measurable and available when cash is received by the government and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

VANDERCOOK LAKE PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

4. Cash and Cash Equivalents:

The District's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

5. Receivables:

Receivables are established by the District for revenues susceptible to accrual. No allowance for doubtful accounts has been established, as all receivables were collected within 60 days of accrual.

6. Inventories and Prepaid Items:

Inventory is valued at the lower of cost (first in, first-out) or market. Inventory in the special revenue funds consist of food and expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are purchased.

Certain prepayments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. Reported inventories and prepaid items are equally offset by a fund balance reserve which indicates that they do not constitute "available spendable resources", even though they are a component of net current assets.

7. Capital Assets:

Capital assets purchased or acquired are capitalized at historical cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the time of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

The cost, less estimated salvage value, is depreciated for all assets using the straight-line basis over the estimated useful lives. Salvage value and useful lives are as follows:

	<u>Salvage Value</u>	<u>Useful Life</u>
Land	N/A	N/A
Buildings and Improvements	15% of cost	7-50 years
Improvements other than buildings	5% of cost	20-30 years
Furniture and equipment	5% of cost	5-30 years
Vehicles	2-5% of cost	8 years

VANDERCOOK LAKE PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

8. Compensated Absences:

The school's policy is not to compensate employees for vacation time not used during the school year. Sick time can be accumulated to a maximum of 200 days. If an employee leaves the District after 15 years, they are reimbursed for their unused sick leave at the rate of \$40 - 50 per day, depending upon classification.

9. Long-Term Obligations:

In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the statement of net assets. Bond premiums and discounts, as well as issuance costs and the loss on the bonds refunded in advance are deferred and amortized over the life of the bonds using the straight-line method over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

10. Fund Equity:

In the fund financial statements, reservations of fund balance represent amounts that are not appropriable or are legally segregated for a specific purpose. Reservations of fund balance are limited to outside third-party restrictions. Designations of fund balance represent tentative management plans that are subject to change. The reservations of the District's fund balances have been established to reflect amounts not appropriable.

11. Prior Year Totals in Additional Information:

Prior year totals have been included in certain statements and schedules contained in the supplementary information. No changes, restatements, or additional work have been performed on the prior year totals.

12. Estimates:

The preparation of financial statements in accordance with generally accepted accounting principles requires the use of management's estimates. The estimates which may be material in amount are summarized in these notes to the financial statements.

NOTE B - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY:

During the year, the budget was amended in a legally permissible manner.

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
General Fund:			
Revenues:			
Federal	\$ 162,950	\$ 152,857	\$ (10,093)
Expenditures:			
Support Services			
Pupil	312,881	374,379	(61,498)
Instructional Staff	394,701	402,712	(8,011)
School Administration	799,861	812,191	(12,330)
Business Services	223,166	232,122	(8,956)
Community Services	108,092	116,010	(7,918)
Transfers to Other Funds	288,876	316,661	(27,785)

Governmental Funds:	
Cash and cash equivalents	\$ 1,627,228
Fiduciary Funds:	
Cash and cash equivalents	75,437
	<u>\$ 1,702,665</u>

VANDERCOOK LAKE PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS

NOTE C – CASH AND INVESTMENTS: (Continued)

State statutes and District policy authorize the District to deposit and invest in the accounts of Federally insured banks; insured credit unions and savings and loan associations; bonds and other direct obligations of the United States, or an agency or instrumentality of the United States; United States government or Federal agency obligation repurchase agreements; commercial paper rated within the two highest classifications by not less than two standard rating services, which mature not more than 270 days after the date of purchase; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. The District's deposits are in accordance with statutory authority and District policy.

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District minimizes this risk by limiting its investments to shorter term securities with liquidity similar to a money market account.

Concentration of Credit Risk

The District's investment policy contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by Michigan law.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in possession of an outside party. Deposits are exposed to custodial credit risk if they are not covered by depository insurance and are uncollateralized; collateralized with securities held by the pledging financial institution; or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name.

The custodial credit risk for investments is that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, the District will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Michigan law and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits and investments, other than the following provision for deposits: Michigan law (MCL 129.33) requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities in the collateral pool must equal at least 100% of the total amount deposited by the public agencies.

VANDERCOOK LAKE PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS

NOTE C – CASH AND INVESTMENTS: (Continued)

As of June 30, 2007, \$1,502,315 (bank balance of \$1,638,180) of the District's deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts.

NOTE D – DUE FROM OTHER GOVERNMENTS:

The District has accrued amounts received within sixty days of year end from other governmental units applicable to the year ended June 30, 2007. This receivable includes state aid payments and reimbursement type grant payments. A summary of this receivable is as follows:

State Aid - July and August payments - General	\$ 1,582,600
State Aid - School Lunch	4,072
	<u>\$ 1,586,672</u>

NOTE E – INTERFUND RECEIVABLES AND TRANSFERS:

The composition of interfund balances (reported as internal balances on the basic financial statements) as of June 30, 2007 is as follows:

<u>RECEIVABLE FUND</u>		<u>PAYABLE FUND</u>	
School Lunch Fund	\$ 2,781	General Fund	\$ 2,781
Debt Retirement Fund	125,089	General Fund	125,089
	<u>\$ 127,870</u>		<u>\$ 127,870</u>

During the year ended June 30, 2007 the General Fund transferred \$180,631 to the Athletics Fund to cover salaries and related taxes and benefits of coaches. The General Fund also transferred \$136,031 to the Capital Projects Fund to cover the costs of major repairs and improvements financed through the Capital Projects Fund.

VANDERCOOK LAKE PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS

NOTE F – CAPITAL ASSETS:

Activity in the general fixed assets account group for the District for the year ended June 30, 2007 was as follows:

	BALANCE 6/30/06	ADDITIONS	DISPOSALS	BALANCE 6/30/07
Assets not being depreciated -				
Land	\$ 20,493	\$ -	\$ -	\$ 20,493
Capital assets being depreciated:				
Buildings and improvements	9,815,054	72,088	-	9,887,142
Non-building improvements	483,129	1,994	-	485,123
Equipment/furniture - Instruction	1,000,585	5,540	(142,749)	863,376
Equipment/furniture - Support	403,017	-	(23,209)	379,808
Vehicles	92,938	-	-	92,938
School buses	396,772	-	-	396,772
Total	12,191,495	79,622	(165,958)	12,105,159
Total asset cost	12,211,988	79,622	(165,958)	12,125,652
Accumulated depreciation:				
Buildings and improvements	3,632,227	246,551	-	3,878,778
Non-building improvements	114,852	22,870	-	137,722
Equipment/furniture - Instruction	690,526	42,074	(129,830)	602,770
Equipment/furniture - Support	213,400	28,699	(22,050)	220,049
Vehicles	61,161	4,918	-	66,079
School buses	302,520	36,460	-	338,980
Total	5,014,686	381,572	(151,880)	5,244,378
Net book value	\$ 7,197,302	\$ (301,950)	\$ (14,078)	\$ 6,881,274

Current depreciation expense has been allocated to the appropriate function in the statement of activities, except for \$246,551 of depreciation on mixed use assets (primarily buildings) which has been reported as unallocated depreciation.

NOTE G - SALARIES PAYABLE AND ACCRUED EXPENSES:

The majority of the District's employees work only while school is in session. These employees have the option of collecting their annual salary (based upon the school year) over a 26 pay period from September to August. Amounts owed these employees for work performed during the year ended June 30, 2007 that is to be paid in July and August 2007 is reported in these financial statements as Salaries Payable.

VANDERCOOK LAKE PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS

NOTE G - SALARIES PAYABLE AND ACCRUED EXPENSES: (Continued)

The fringe benefits related to the employees referred to above have also been accrued as a liability at June 30, 2007. These amounts are shown below.

FICA	\$ 55,245
Retirement	126,447
Health Insurance	216,104
	<u>\$ 397,796</u>

NOTE H – DEFERRED REVENUE:

The District received grant proceeds in excess of allowable expenditures incurred for certain programs during the fiscal year ended June 30, 2007. The District has recognized as revenue only the amount equal to the allowable expenditures for these programs; the balance has been recorded as deferred revenue. The detail of the deferred revenue at June 30, 2007 is as follows:

<u>Program Name</u>	<u>Amount</u>
General Fund:	
Medicaid Outreach	<u>\$ 16,518</u>

NOTE I - LONG-TERM DEBT:

The District issues bonds and installment purchase agreements to provide resources for the acquisition and construction of major capital facilities and certain other long-lived equipment. This debt can be summarized as follows:

General Obligation Bonds - The District has issued general obligation bonds to provide funds for the construction, renovation, and equipping of school facilities. A large portion of these were refunded August 2004 with the 2004 Refunding bonds. The District will realize cash savings of \$436,000 over the remaining life of these bonds, which is equivalent to \$234,000 in today's dollars.

As part of the *Durant* program-funding lawsuit, the State issued bonds on behalf of the District in lieu of making annual payments over a fifteen-year period beginning in 1999. These bonds are to be retired with an annual appropriation from the State, but the bonds are an obligation of the District.

VANDERCOOK LAKE PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS

NOTE I - LONG-TERM DEBT: (Continued)

General obligation bonds are direct obligations and pledge the full faith and credit of the District. General obligation bonds currently outstanding are as follows:

Purpose	Interest Rates	Amount
2004 Refunding Bonds	2.00% to 4.45%	\$ 4,700,000
School Improvement Bond, 1998 Series (<i>Durant</i> bonds)	4.76%	\$ 37,447

Installment Purchase Agreements Payable (Notes Payable/Leases Payable) - The District has financed the acquisition of buses through the use of installment purchase agreements. During 2006, the District also acquired a maintenance truck using a capital lease. Installment purchase agreements are direct obligations of the District, secured by the equipment purchased. Installment purchase agreements currently outstanding are as follows:

Purpose	Interest Rate	Amount
County National Bank - Buses	2.14%	\$ 42,776
Ford Motor Credit - Truck	6.75%	\$ 14,018

Sick Leave Payable – As discussed in Note A-7, the District offers the partial payoff of unused sick leave upon retirement. This liability was \$215,680 at June 30, 2007.

Leases Payable - The District has not entered into any material lease agreements, other than the capital lease discussed above.

The change in long-term debt can be summarized as follows:

	Balance 6/30/06	New Debt Issues	Principal Repayments	Balance 6/30/07
Bonds Payable	\$ 4,737,447	\$ -	\$ (220,000)	\$ 4,517,447
Installment Purchase Agreements	103,251	-	(46,457)	56,794
Sick Leave Payable	236,089	29,991	(50,400)	215,680
	<u>\$ 5,076,787</u>	<u>\$ 29,991</u>	<u>\$ (316,857)</u>	<u>\$ 4,789,921</u>

VANDERCOOK LAKE PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS

NOTE I - LONG-TERM DEBT: (Continued)

The debt service requirements until maturity for the District's long-term debt are as follows:

Fiscal Year Ended June 30,	General Obligation Bonds	Installment Purchase Agreements	Accumulated Sick Leave	Total
2008	\$ 402,038	\$ 27,407	\$ -	\$ 429,445
2009	412,129	27,407	-	439,536
2010	414,928	5,318	-	420,246
2011	424,635	-	-	424,635
2012	412,878	-	-	412,878
Subtotal	2,066,608	60,132	-	2,126,740
2013	412,940	-	-	412,940
2014	406,625	-	-	406,625
2015	406,080	-	-	406,080
2016	409,723	-	-	409,723
2017	407,632	-	-	407,632
Subtotal	2,043,000	-	-	2,043,000
2018	409,833	-	-	409,833
2019	406,265	-	-	406,265
2020	401,947	-	-	401,947
2021	391,860	-	-	391,860
2022	376,020	-	-	376,020
Subtotal	1,985,925	-	-	1,985,925
Thereafter	-	-	215,680	215,680
	6,095,533	60,132	215,680	6,371,345
Less - Interest	(1,578,086)	(3,338)	-	(1,581,424)
	<u>\$ 4,517,447</u>	<u>\$ 56,794</u>	<u>\$ 215,680</u>	<u>\$ 4,789,921</u>

NOTE J - FUND EQUITY:

1. Designated Fund Balance:

It has been the policy of the school board to reflect a portion of General Fund fund balance equal to the outstanding principal and interest balance of installment purchase agreements as designated for debt service.

VANDERCOOK LAKE PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS

NOTE J – FUND EQUITY: (Continued)

2. Reserved Fund Equity:

The General Fund reports \$18,625 of its fund balance as reserved, to reflect the fact that the prepaid expenses are not available to finance future operations.

At June 30, 2007, the Food Service Fund had fund balance reserved for inventory in the amount of \$5,871. A reserve has been established for this item to reflect the fact that this amount is not available for expenditure in a future period (not appropriable).

The fund balance of the debt service fund is reserved for payment of principal and interest on the general unlimited tax obligation refunding bonds issued in August 2004.

NOTE K – PROPERTY TAXES:

Taxes are levied by the District in one installment. This is levied by July 1, and is due by February 28 of the following year, with interest of 1% per month being assessed for payments after September 15. As discussed in Note O, the District is reimbursed for any unpaid real property taxes as of March 1. Personal property taxes (levied on equipment used in a business) unpaid at March 1 are paid to the District as they are collected.

Assessing and collecting the District's property taxes is handled by the townships in which the District is located. The property taxes become a lien on December 31 of the year preceding the levy.

NOTE L - DEFINED BENEFIT PENSION PLAN:

1. Plan Description:

The District participates in the Michigan Public School Employee's Retirement System ("MPERS"), a cost sharing multiple employer, statewide defined benefit public employee retirement plan governed by the State of Michigan. MPERS was originally created under Public Act 136 of 1945, recodified and currently operating under the provisions of Public Act 300 of 1980, as amended. MPERS operates within the Michigan Department of Management and Budget, Office of Retirement Systems. MPERS issues a publicly available financial report that includes financial statements and required supplementary information for the system. The report may be obtained by writing to: MPERS, P.O. Box 30171, Lansing, MI. 48909-7671.

VANDERCOOK LAKE PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS

NOTE L - DEFINED BENEFIT PENSION PLAN: (Continued)

2. Funding Policy:

The District is required to make the full actuarial funding contribution amount needed to fund pension benefits, plus an additional amount to fund retiree health benefits paid on a cash disbursement ('pay as you go') basis. The employer contribution rate totaled 16.34% of covered wages from July 1, 2006 to September 30, 2006. The rate was increased to 17.74% from October 1, 2006 to June 30, 2007 (in June 2007, a credit was issued by the State of Michigan to reduce the effective rate to 16.34%. This is the rate that employer's will contribute from October 1, 2007 to September 30, 2008).

Employee contributions differ based on selected coverage. Basic Plan members make no contributions. Member Investment Plan members contribute at rates ranging from 3.0% to 4.3% of gross wages.

The District's contribution to the MPSERS plan for the year ending June 30, 2007 was \$1,110,869, which equaled the actuarially determined amount. Covered payroll for the year ended June 30, 2007 was \$6.26 million; total payroll was \$6.41 million. Employee contributions for the year ended June 30, 2006 totaled \$226,276.

3 Post-Employment Benefits:

Under the MPSERS' Act, all retirees participating in the pension plan have the option of continuing health, dental, and vision coverage. Retirees having these coverages contribute an amount equivalent to the monthly cost for Medicare Part B and 10% of the monthly premium amount for the health, dental, and vision coverages. The District's required contribution for the post-employment benefits are discussed in the funding policy section above.

NOTE M – RISK MANAGEMENT:

The District is exposed to various risks of loss related to property loss or damage, torts, errors and omissions claims, and employee injuries. The District has purchased commercial insurance to protect itself from errors and omissions claims and medical benefits.

The District participates in an association of educational institutions located within the State of Michigan for self-insuring claims for employee injury (workers' compensation) and property loss. The association is considered a public entity risk sharing pool. The District pays annual premiums to the association for these coverages. In the event the association's total claims and expenses for a policy year exceed the total normal premiums for said year, all members of the policy year may be subject to special assessments to cover the difference. The association maintains reinsurance to limit its exposure to large claims. To date, the District has not been notified of the need for any special assessments; refunds have been received/credited to premiums for the past several years.

VANDERCOOK LAKE PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS

NOTE N - CONTINGENT LIABILITIES:

The District is a reimbursing employer to the State of Michigan Bureau of Workers' & Unemployment Compensation for unemployment compensation, and as such is responsible to pay the commission for those benefits paid and charged to its account. As of June 30, appropriate liabilities have been recorded for all claims paid by the Agency. However, no provision has been made for future payments that might result from claims in process or unfilled.

NOTE O - COMMITMENTS:

The Jackson County Treasurer reimburses the District for any real property taxes from the current year levy which are unpaid as of the following March 1. This entitles the County to receive interest and fees on such taxes, while affording the District with a more predictable cash flow. The District is responsible for repayment to the County's Delinquent Tax Revolving Fund of any taxes remaining unpaid five years after the original date of delinquency, as well as for any refunds of collected taxes ordered by the courts. The amount of the contingent liability has not been determined; past payments for such items have been immaterial, however.

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

VANDERCOOK LAKE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2007

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Local	\$ 744,126	\$ 799,149	\$ 877,973	\$ 78,824
State	9,429,166	9,373,482	9,376,420	2,938
Federal	178,145	162,950	152,857	(10,093)
Interdistrict sources	492,756	468,998	483,505	14,507
Total revenues	10,844,193	10,804,579	10,890,755	86,176
EXPENDITURES:				
Instruction:				
Basic programs	5,754,657	5,784,722	5,729,469	55,253
Added needs	1,377,451	1,384,536	1,329,747	54,789
Support Services:				
Pupil	322,878	312,881	374,379	(61,498)
Instructional staff	418,149	394,701	402,712	(8,011)
General administration	264,319	266,101	251,886	14,215
School administration	791,353	799,861	812,191	(12,330)
Business services	220,709	223,166	232,122	(8,956)
Operation and maintenance	941,062	928,475	927,566	909
Transportation	153,614	187,048	179,357	7,691
Community services	109,415	108,092	116,010	(7,918)
Capital outlay	91,000	81,000	76,752	4,248
Debt service	44,682	50,407	49,977	430
Total expenditures	10,489,289	10,520,990	10,482,168	38,822
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	354,904	283,589	408,587	124,998
OTHER FINANCING SOURCES (USES):				
Transfers to other funds	(313,254)	(288,876)	(316,661)	(27,785)
Proceeds from sale of fixed assets	-	-	-	-
Proceeds from long term debt	-	-	-	-
Total other financing sources (uses)	(313,254)	(288,876)	(316,661)	(27,785)
NET CHANGE IN FUND BALANCE	41,650	(5,287)	91,926	97,213
FUND BALANCE - Beginning	1,732,860	1,732,860	1,732,860	-
FUND BALANCE - Ending	\$ 1,774,510	\$ 1,727,573	\$ 1,824,786	\$ 97,213

ADDITIONAL INFORMATION

COMBINING STATEMENTS - NONMAJOR GOVERNMENTAL FUNDS

VANDERCOOK LAKE SCHOOL DISTRICT
NONMAJOR GOVERNMENTAL FUND TYPES
COMBINING BALANCE SHEET
JUNE 30, 2007

	ATHLETICS	SCHOOL LUNCH	DEBT SERVICE	CAPITAL PROJECTS	TOTAL
<u>ASSETS</u>					
Cash	\$ 4,056	\$ 15,103	\$ 4,354	\$ 42	\$ 23,555
Accounts receivable	-	-	-	-	-
Taxes receivable	-	-	397	-	397
Due from other funds	-	2,781	125,089	-	127,870
Due from other governments	-	-	-	-	-
Inventory	-	5,871	-	-	5,871
	<hr/>				
Total assets	\$ 4,056	\$ 23,755	\$ 129,840	\$ 42	\$ 157,693
	<hr/>				
<u>LIABILITIES AND FUND BALANCE</u>					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Salaries payable	-	-	-	-	-
Due to other funds	-	-	-	-	-
Deferred revenue	-	-	-	-	-
Total liabilities	-	-	-	-	-
	<hr/>				
Fund balance:					
Reserved		5,871	129,840	-	135,711
Unreserved	4,056	17,884	-	42	21,982
Total fund balance	4,056	23,755	129,840	42	157,693
	<hr/>				
Total liabilities and fund balance	\$ 4,056	\$ 23,755	\$ 129,840	\$ 42	\$ 157,693
	<hr/>				

VANDERCOOK LAKE SCHOOL DISTRICT
NONMAJOR GOVERNMENTAL FUND TYPES
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2007

	<u>ATHLETICS</u>	<u>SCHOOL LUNCH</u>	<u>DEBT SERVICE</u>	<u>CAPITAL PROJECTS</u>	<u>TOTAL</u>
REVENUES:					
Local sources:					
Property taxes	\$ -	\$ -	\$ 425,497	\$ -	\$ 425,497
Ticket sales and entry fees	50,590	-	-	-	50,590
Food sales to pupils	-	185,304	-	-	185,304
Sales - Merchandise	2,838	-	-	-	2,838
Miscellaneous	-	5,255	-	-	5,255
Interest income	-	105	190	-	295
Total revenue from local sources	53,428	190,664	425,687	-	669,779
State sources	-	24,200	-	-	24,200
Federal sources	-	241,604	-	-	241,604
Total revenues	53,428	456,468	425,687	-	935,583
EXPENDITURES:					
Current:					
Athletics activities	228,769	-	-	-	228,769
School Lunch activities	-	458,388	-	-	458,388
Debt Service	-	-	397,763	-	397,763
Capital outlay	2,125	-	-	136,035	138,160
Total expenditures	230,894	458,388	397,763	136,035	1,223,080
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(177,466)	(1,920)	27,924	(136,035)	(287,497)
OTHER FINANCING SOURCES (USES):					
Operating transfers from other funds	180,630	-	-	136,031	316,661
NET CHANGE IN FUND BALANCE	3,164	(1,920)	27,924	(4)	29,164
FUND BALANCE - Beginning	892	25,675	101,916	46	128,529
FUND BALANCE - Ending	\$ 4,056	\$ 23,755	\$ 129,840	\$ 42	\$ 157,693

GENERAL FUND

The General Fund accounts for all transactions related to the operation of the school district, except those transactions required by law or other agreements to be entered into other funds.

The following statements of the General Fund - Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance - provide greater detail than that found in the Basic Financial Statements. This information is intended to assist in the analysis of the General Fund's finances.

VANDERCOOK LAKE SCHOOL DISTRICT
GENERAL FUND
BALANCE SHEET
JUNE 30, 2007
(WITH COMPARATIVE TOTALS FROM JUNE 30, 2006)

	<u>2007</u>	<u>2006</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 1,603,673	\$ 1,279,056
Taxes receivable	1,688	824
Due from other funds	-	5,594
Due from other governments	1,586,672	1,651,569
Prepaid expenses	18,625	-
	<hr/>	<hr/>
Total assets	\$ 3,210,658	\$ 2,937,043
	<hr/>	<hr/>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 121,525	\$ 46,520
Due to other funds	127,870	97,534
Salaries payable	722,163	664,202
Accrued expenses	397,796	391,854
Deferred revenue	16,518	4,073
Total liabilities	1,385,872	1,204,183
	<hr/>	<hr/>
Fund Balance:		
Designated	60,132	88,862
Reserved	18,625	-
Unreserved	1,746,029	1,643,998
Total fund balance	1,824,786	1,732,860
	<hr/>	<hr/>
Total liabilities and fund balance	\$ 3,210,658	\$ 2,937,043
	<hr/>	<hr/>

VANDERCOOK LAKE PUBLIC SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2007
(With comparative totals from the year ended June 30, 2006)

	<u>2007</u>	<u>2006</u>
REVENUES:		
LOCAL SOURCES:		
Property tax levy	\$ 577,502	\$ 549,961
Delinquent tax collections	3,040	825
Penalties and interest on delinquent taxes	4,142	2,988
Total taxes	<u>584,684</u>	<u>553,774</u>
Interest income	55,997	46,589
Other local revenues:		
Preschool tuition	11,224	-
Latchkey program tuition	103,422	102,105
Drivers Education fees	17,600	16,731
Rental income	13,924	17,074
Miscellaneous	91,122	61,688
Total Local Sources	<u>877,973</u>	<u>797,961</u>
STATE SOURCES:		
State school aid	9,018,572	8,677,592
Restricted state aid:		
<i>Durant</i> Settlement	9,137	9,137
Michigan School Readiness	63,473	127,457
At Risk	244,023	223,258
Middle School Math/Science	17,093	-
Vocational Education	24,122	16,409
Other state grants:		
Homeland Security	-	-
Total State Sources	<u>9,376,420</u>	<u>9,053,853</u>
FEDERAL SOURCES:		
Passed through Michigan Department of Education:		
Title I	125,268	96,260
Title IIA - Improving Teacher Quality	23,313	76,497
Title V LEA Allocation	1,151	542
National School Lunch - Snacks	1,610	994
Technology Literacy Challenge grant	1,016	1,846
Total passed through Michigan Dept. of Education	<u>\$ 152,358</u>	<u>\$ 176,139</u>

VANDERCOOK LAKE PUBLIC SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2007
(With comparative totals from the year ended June 30, 2006)

	<u>2007</u>	<u>2006</u>
REVENUES: (Continued)		
FEDERAL SOURCES: (Continued)		
Passed through the Jackson County ISD:		
FIA After School Program	\$ -	\$ -
Safe & Drug Free Schools	<u>499</u>	<u>98</u>
Total passed through Jackson County I.S.D.	<u>499</u>	<u>98</u>
 Total Federal Sources	 <u>152,857</u>	 <u>176,237</u>
 INTERDISTRICT SOURCES:		
From Jackson County I.S.D.:		
Special Education reimbursement	444,383	489,404
Career Prep	23,000	23,000
Other reimbursements	<u>16,122</u>	<u>49,600</u>
Total interdistrict revenue from Jackson County I.S.D.	<u>483,505</u>	<u>562,004</u>
 Incoming Transfers and Other Transactions:		
Sale of fixed assets	-	600
Capital lease proceeds	<u>-</u>	<u>23,430</u>
Total Other Transactions	<u>-</u>	<u>24,030</u>
 TOTAL REVENUES, INCOMING TRANSFERS AND OTHER TRANSACTIONS	 <u>\$ 10,890,755</u>	 <u>\$ 10,614,085</u>

VANDERCOOK LAKE PUBLIC SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2007
(With comparative totals from the year ended June 30, 2006)

	<u>2007</u>	<u>2006</u>
EXPENDITURES:		
INSTRUCTION:		
BASIC PROGRAMS:		
Elementary:		
Professional Salaries	\$ 1,421,974	\$ 1,491,279
Non-professional Salaries	144,780	145,903
Insurances	462,201	477,881
FICA and retirement	392,329	388,249
Other benefits	2,135	-
Purchased services	7,669	7,679
Supplies and materials	53,078	48,944
Other	6,258	10,330
Total Elementary	<u>2,490,424</u>	<u>2,570,265</u>
Middle School/High School:		
Professional Salaries	1,817,169	1,762,788
Non-professional salaries	66,084	49,890
Insurances	550,760	539,936
FICA and retirement	475,125	428,861
Other benefits	13,649	4,421
Purchased services	51,371	25,538
Supplies and materials	122,998	99,273
Other	17,141	7,752
Total Middle School/High School	<u>3,114,297</u>	<u>2,918,459</u>
Preschool:		
Professional Salaries	54,494	51,413
Non-professional salaries	23,059	23,137
Insurances	15,744	16,784
FICA and retirement	19,616	17,715
Other benefits	-	-
Supplies and materials	5,664	11,948
Other	-	-
Total Preschool	<u>\$ 118,577</u>	<u>\$ 120,997</u>

VANDERCOOK LAKE PUBLIC SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2007
(With comparative totals from the year ended June 30, 2006)

	<u>2007</u>	<u>2006</u>
EXPENDITURES: (Continued)		
INSTRUCTION: (Continued)		
BASIC PROGRAMS: (Continued)		
Summer School:		
Professional Salaries	\$ 4,968	\$ 12,351
FICA and retirement	1,203	2,814
Total Summer School	<u>6,171</u>	<u>15,165</u>
 TOTAL BASIC PROGRAMS	 <u>5,729,469</u>	 <u>5,624,886</u>
 INSTRUCTION - ADDED NEEDS:		
At - Risk (Compensatory Education):		
Professional Salaries	209,408	192,336
Non-professional Salaries	50,366	55,367
Insurances	64,247	67,907
FICA and retirement	73,301	34,009
Other benefits	-	-
Supplies and materials	623	1,441
Total At - Risk	<u>397,945</u>	<u>351,060</u>
 Special Education:		
Professional Salaries	443,229	426,987
Non-professional Salaries	146,301	146,865
Insurances	117,153	116,253
FICA and retirement	138,212	127,125
Other benefits	4,045	736
Purchased services	-	-
Supplies and materials	3,064	3,969
Other	-	-
Total Special Education	<u>\$ 852,004</u>	<u>\$ 821,935</u>

VANDERCOOK LAKE PUBLIC SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2007
(With comparative totals from the year ended June 30, 2006)

	<u>2007</u>	<u>2006</u>
EXPENDITURES: (Continued.)		
INSTRUCTION - ADDED NEEDS: (Continued)		
Title I (Compensatory Education):		
Professional Salaries	\$ 7,728	\$ 17,543
Non-professional Salaries	58,580	65,557
Insurances	-	-
FICA and retirement	9,015	44,323
Supplies and materials	4,475	4,209
Total Title I	<u>79,798</u>	<u>131,632</u>
Total Added Needs	<u>1,329,747</u>	<u>1,304,627</u>
TOTAL INSTRUCTION	<u>7,059,216</u>	<u>6,929,513</u>
SUPPORT SERVICES:		
Pupil Services:		
Guidance:		
Professional Salaries	127,791	122,962
Non-professional salaries	7,150	-
Insurances	20,783	32,606
FICA and retirement	32,297	29,176
Other benefits	3,260	171
Supplies and materials	2,891	8,963
Other	2,119	-
Total Guidance Services	<u>196,291</u>	<u>193,878</u>
Nursing:		
Non-professional salaries	21,386	20,966
FICA and retirement	5,395	4,994
Purchased services	-	-
Total Nursing Services	<u>\$ 26,781</u>	<u>\$ 25,960</u>

VANDERCOOK LAKE PUBLIC SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2007
(With comparative totals from the year ended June 30, 2006)

	<u>2007</u>	<u>2006</u>
EXPENDITURES : (Continued)		
SUPPORT SERVICES : (Continued)		
Pupil Services: (Continued)		
Social Worker:		
Professional salaries	\$ 60,992	\$ 59,110
Insurances	16,735	16,303
FICA and retirement	15,413	14,020
Total Social Worker	<u>93,140</u>	<u>89,433</u>
 School Liasion:		
Purchased services	<u>16,556</u>	<u>16,238</u>
 Homeland Security Grant:		
Purchased services	<u>-</u>	<u>-</u>
 Lunch and Playground Supervision:		
Non-professional salaries	33,560	33,386
FICA and retirement	8,051	7,969
Total Lunch and Playground Supervision	<u>41,611</u>	<u>41,355</u>
 Total pupil services	<u>374,379</u>	<u>366,864</u>
 Instructional Staff:		
Improvement of Instruction:		
Professional salaries	125,035	120,678
Non-professional salaries	10,000	-
FICA and retirement	31,553	28,688
Purchased services	494	2,276
Supplies	26,569	43,601
Total Improvement of Instruction	<u>\$ 193,651</u>	<u>\$ 195,243</u>

VANDERCOOK LAKE PUBLIC SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2007
(With comparative totals from the year ended June 30, 2006)

	<u>2007</u>	<u>2006</u>
EXPENDITURES : (Continued)		
SUPPORT SERVICES : (Continued)		
Instructional Staff: (Continued)		
Educational Media Services:		
Professional Salaries	\$ 107,388	\$ 103,706
Non-professional Salaries	14,509	14,734
Insurances	49,347	50,898
FICA and retirement	31,251	27,662
Other benefits	186	132
Purchased services	1,031	1,687
Supplies and materials	5,349	7,415
Total Educational Media Services	<u>209,061</u>	<u>206,234</u>
Total instructional staff support services	<u>402,712</u>	<u>401,477</u>
General Administration:		
Board of Education:		
Non-professional Salaries	2,400	2,760
Purchased services	26,513	23,046
Other	11,678	10,816
Total Board of Education	<u>40,591</u>	<u>36,622</u>
Executive Administration:		
Professional Salaries	54,894	52,250
Non-professional Salaries	69,483	67,133
Insurances	42,879	41,196
FICA and retirement	29,689	26,862
Other benefits	177	132
Purchased services	5,827	10,050
Supplies and materials	3,345	6,043
Other	5,001	5,731
Total Executive Administration	<u>211,295</u>	<u>209,397</u>
Total general administration	<u>\$ 251,886</u>	<u>\$ 246,019</u>

VANDERCOOK LAKE PUBLIC SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2007
(With comparative totals from the year ended June 30, 2006)

	<u>2007</u>	<u>2006</u>
EXPENDITURES : (Continued)		
SUPPORT SERVICES : (Continued)		
School Administration:		
Professional Salaries	\$ 382,121	\$ 373,650
Non-professional Salaries	152,178	138,441
Insurances	149,315	135,010
FICA and retirement	117,839	108,281
Other benefits	5,485	2,033
Purchased services	1,075	3,171
Supplies and materials	1,136	3,824
Other	3,042	6,534
Total School Administration	<u>812,191</u>	<u>770,944</u>
Business Services:		
Professional Salaries	44,913	42,750
Non-professional Salaries	56,849	54,927
Insurances	24,677	24,484
FICA and retirement	24,291	21,978
Other benefits	19,507	674
Purchased services	50,266	55,932
Supplies and materials	-	-
Other	11,619	26,119
Total Business Services	<u>232,122</u>	<u>226,864</u>
Operations and Maintenance:		
Non-professional Salaries	328,252	308,860
Insurances	124,012	140,726
FICA and retirement	81,028	70,940
Other benefits	4,441	3,287
Purchased services	322,066	347,010
Supplies and materials	67,471	69,521
Other	296	152
Total Operation and Maintenance	<u>\$ 927,566</u>	<u>\$ 940,496</u>

VANDERCOOK LAKE PUBLIC SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2007
(With comparative totals from the year ended June 30, 2006)

	<u>2007</u>	<u>2006</u>
EXPENDITURES : (Continued)		
SUPPORT SERVICES : (Continued)		
Pupil Transportation Services:		
Non-professional Salaries	\$ 90,148	\$ 87,471
Insurances	12,654	11,566
FICA and retirement	22,902	19,921
Other benefits	1,029	897
Purchased services	22,427	15,053
Supplies and materials	30,197	29,699
Other	-	-
Total Pupil Transportation Services	<u>179,357</u>	<u>164,607</u>
 TOTAL SUPPORT SERVICES	 <u>3,180,213</u>	 <u>3,117,271</u>
 COMMUNITY SERVICES:		
Latchkey Program:		
Non-professional Salaries	84,409	86,695
FICA and retirement	21,090	20,420
Other benefits	132	79
Purchased services	353	489
Supplies	10,026	14,939
TOTAL COMMUNITY SERVICES	<u>116,010</u>	<u>122,622</u>
 CAPITAL OUTLAYS:		
Instruction:		
Elementary School (Townsend)	16,303	15,331
High School	34,015	32,778
Preschool (Michigan School Readiness Program)	-	-
Total instruction capital outlay	<u>50,318</u>	<u>48,109</u>

VANDERCOOK LAKE PUBLIC SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2007
(With comparative totals from the year ended June 30, 2006)

	<u>2007</u>	<u>2006</u>
EXPENDITURES : (Continued)		
CAPITAL OUTLAYS: (Continued)		
Support Services:		
School Administration	\$ 8,959	\$ 7,236
General Administration	14,277	14,601
Business Services	-	4,045
Operations and Maintenance	3,198	23,430
Total support services	<u>26,434</u>	<u>49,312</u>
Community Service:		
Latchkey	-	-
TOTAL CAPITAL OUTLAY	<u>76,752</u>	<u>97,421</u>
DEBT SERVICE:		
Capital lease payments - Interest	1,222	-
Capital lease payments - Principal	4,095	5,317
Bus note payments - Interest	2,298	3,633
Bus note payments - Principal	42,362	41,049
TOTAL DEBT SERVICE	<u>49,977</u>	<u>49,999</u>
TOTAL EXPENDITURES	<u>10,482,168</u>	<u>10,316,826</u>
OUTGOING TRANSFERS AND OTHER TRANSACTIONS :		
Transfers Out:		
Athletics Fund	180,630	176,477
School Lunch Fund	-	-
Capital Projects Fund	136,031	117,841
Total Outgoing Transfers	<u>316,661</u>	<u>294,318</u>
TOTAL EXPENDITURES, OUTGOING TRANSFERS AND OTHER TRANSACTIONS	<u>10,798,829</u>	<u>10,611,144</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES, OUTGOING TRANSFERS AND OTHER TRANSACTIONS	91,926	2,941
FUND BALANCE - BEGINNING	<u>1,732,860</u>	<u>1,729,919</u>
FUND BALANCE - ENDING	<u>\$ 1,824,786</u>	<u>\$ 1,732,860</u>

SPECIAL REVENUE (SCHOOL SERVICE) FUNDS

School Service Funds are used to account for activities where there is a need to determine the results of operations. Vandercook Lake Public Schools uses School Service Funds to account for Interscholastic Athletics and Food Service operations.

The following statements of the School Service Funds - Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance - for both Athletics and School Lunch - provide detailed information for each School Service Fund to assist in the analysis of their finances.

VANDERCOOK LAKE SCHOOL DISTRICT
ATHLETICS SPECIAL REVENUE FUND
BALANCE SHEET
JUNE 30, 2007
(WITH COMPARATIVE TOTALS FROM JUNE 30, 2006)

	<u>2007</u>	<u>2006</u>
<u>ASSETS</u>		
Cash	\$ 4,056	\$ 400
Accounts receivable	-	-
Due from other funds	-	862
Due from other governments	-	-
Inventory	-	-
	<u> </u>	<u> </u>
Total assets	<u>\$ 4,056</u>	<u>\$ 1,262</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ -	\$ 370
Salaries payable	-	-
Due to other funds	-	-
Deferred revenue	-	-
Total liabilities	<u>-</u>	<u>370</u>
Fund balance:		
Reserved	-	-
Unreserved	<u>4,056</u>	<u>892</u>
Total fund balance	<u>4,056</u>	<u>892</u>
	<u> </u>	<u> </u>
Total liabilities and fund balance	<u>\$ 4,056</u>	<u>\$ 1,262</u>

VANDERCOOK LAKE SCHOOL DISTRICT
ATHLETICS SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2007
(WITH COMPARATIVE TOTALS FROM JUNE 30, 2006)

	<u>2007</u>	<u>2006</u>
REVENUES:		
Local sources:		
Ticket sales and entry fees	\$ 50,590	\$ 51,171
Food sales	-	-
Sales - Merchandise	-	-
Miscellaneous	2,838	395
Interest income	-	-
Total revenue from local sources	<u>53,428</u>	<u>51,566</u>
State sources	-	-
Federal sources	-	-
Incoming Transfers and Other Transactions:		
Transfer from General Fund	<u>180,630</u>	<u>176,477</u>
Total revenues	<u>234,058</u>	<u>228,043</u>
EXPENDITURES:		
Salaries - Non-professional	132,889	131,000
Insurances	-	-
FICA & Retirement	33,555	31,344
Other Benefits	186	133
Purchased services	49,582	43,848
Supplies and materials	11,312	22,052
Other Expenses - Miscellaneous	1,245	-
Total athletics expenditures	<u>228,769</u>	<u>228,377</u>
Capital outlay	<u>2,125</u>	<u>-</u>
Total expenditures	<u>230,894</u>	<u>228,377</u>
EXCESS OF REVENUES OVER (UNDER)		
EXPENDITURES	3,164	(334)
FUND BALANCE - Beginning	<u>892</u>	<u>1,226</u>
FUND BALANCE - Ending	<u>\$ 4,056</u>	<u>\$ 892</u>

VANDERCOOK LAKE SCHOOL DISTRICT
SCHOOL LUNCH SPECIAL REVENUE FUND
BALANCE SHEET
JUNE 30, 2007
(WITH COMPARATIVE TOTALS FROM JUNE 30, 2006)

	<u>2007</u>	<u>2006</u>
<u>ASSETS</u>		
Cash	\$ 15,103	\$ 20,062
Accounts receivable	-	-
Due from other funds	2,781	-
Due from other governments	-	3,611
Inventory	5,871	4,946
	<u>5,871</u>	<u>4,946</u>
Total assets	<u>\$ 23,755</u>	<u>\$ 28,619</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ -	\$ -
Salaries payable	-	-
Due to other funds	-	2,944
Deferred revenue	-	-
Total liabilities	<u>-</u>	<u>2,944</u>
Fund balance:		
Reserved	5,871	4,946
Unreserved	17,884	20,729
Total fund balance	<u>23,755</u>	<u>25,675</u>
Total liabilities and fund balance	<u>\$ 23,755</u>	<u>\$ 28,619</u>

VANDERCOOK LAKE SCHOOL DISTRICT
SCHOOL LUNCH SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2007
(WITH COMPARATIVE TOTALS FROM JUNE 30, 2006)

	<u>2007</u>	<u>2006</u>
REVENUES:		
Local sources:		
Ticket sales and entry fees	\$ -	\$ -
Food sales	185,304	178,263
Sales - Merchandise	-	-
Miscellaneous	5,255	3,244
Interest income	105	-
Total revenue from local sources	<u>190,664</u>	<u>181,507</u>
State sources	24,200	22,561
Federal sources	241,604	228,375
Incoming Transfers and Other Transactions:		
Transfer from General Fund	-	-
Total revenues	<u>456,468</u>	<u>432,443</u>
 EXPENDITURES:		
Salaries - Non-professional	164,706	160,560
Insurances	16,872	15,766
FICA & Retirement	41,649	38,165
Other Benefits	3,342	-
Purchased Services	15,580	19,569
Supplies and Materials	214,353	205,411
Other Expenses - Miscellaneous	1,886	1,666
Total Food Services expenditures	<u>458,388</u>	<u>441,137</u>
Capital outlay	-	-
Total expenditures	<u>458,388</u>	<u>441,137</u>
EXCESS OF REVENUES OVER (UNDER)		
EXPENDITURES	(1,920)	(8,694)
 FUND BALANCE - July 1, 2005	<u>25,675</u>	<u>34,369</u>
 FUND BALANCE - June 30, 2006	<u><u>\$ 23,755</u></u>	<u><u>\$ 25,675</u></u>

DEBT SERVICE FUND FINANCIAL STATEMENTS

The receipt of funds for the payment of interest, principal, and other expenses on long-term bonded debt are recorded in the Debt Service Fund. Primary sources of revenue for this fund is debt retirement property tax levies, restricted state aid, and interest earned on the investment of surplus funds.

The following statements of the Debt Service Fund - Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance - provide additional detail to assist in the analysis of the Fund's finances.

VANDERCOOK LAKE SCHOOL DISTRICT
DEBT RETIREMENT FUNDS
BALANCE SHEET
JUNE 30, 2007
(WITH COMPARATIVE TOTALS FROM JUNE 30, 2006)

	<u>2007</u>	<u>2006</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 4,354	\$ 4,163
Interest receivable	-	-
Taxes receivable	397	219
Due from other funds	125,089	97,534
Due from other governments	-	-
	<u>-</u>	<u>-</u>
Total assets	<u>\$ 129,840</u>	<u>\$ 101,916</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ -	\$ -
Matured interest payable	-	-
	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>
 Fund Balance:		
Fund balance - Reserved	<u>129,840</u>	<u>101,916</u>
Total liabilities and fund balance	<u>\$ 129,840</u>	<u>\$ 101,916</u>

VANDERCOOK LAKE SCHOOL DISTRICT
DEBT RETIREMENT FUNDS
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2007
(WITH COMPARATIVE TOTALS FROM JUNE 30, 2006)

	<u>2007</u>	<u>2006</u>
REVENUES:		
Revenue from local sources:		
Property tax	\$ 418,582	\$ 431,758
Industrial facilities tax	4,064	4,905
Penalties and interest on delinquent taxes	2,851	1,944
Total taxes	<u>425,497</u>	<u>438,607</u>
Interest income	190	158
Other	-	-
Total revenues from local sources	<u>425,687</u>	<u>438,765</u>
Revenue from state sources:		
State Aid - Durant debt service	-	30,277
Other transactions:		
Proceeds from long-term debt	-	-
Total revenues	<u>425,687</u>	<u>469,042</u>
EXPENDITURES:		
Debt Service:		
Redemption on principal	220,000	225,923
Interest on debt	177,538	199,992
Miscellaneous expense	225	525
Total debt service expenditures	<u>397,763</u>	<u>426,440</u>
Other Transactions:		
Payment to refunded bond paying agent	-	-
Bond issuance costs	-	-
Total other transactions	<u>-</u>	<u>-</u>
Total expenditures	<u>397,763</u>	<u>426,440</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	27,924	42,602
FUND BALANCE - Beginning	<u>101,916</u>	<u>59,314</u>
FUND BALANCE - Ending	<u>\$ 129,840</u>	<u>\$ 101,916</u>

CAPITAL PROJECTS FUND FINANCIAL STATEMENTS

Capital Projects Funds are used to account for the receipt and disbursement of monies used for the acquisition of capital assets. Vandercook Lake Public Schools maintains one such fund.

Capital Projects Fund - This fund was established by Vandercook Lake Public Schools for the purpose of funding capital outlays and major, nonrecurring repairs.

The following statements of the Capital Projects Fund - Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance - provide additional detail to assist in the analysis of the Fund's finances.

VANDERCOOK LAKE PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
BALANCE SHEET
JUNE 30, 2007
(With comparative totals from June 30, 2006)

	<u>2007</u>	<u>2006</u>
ASSETS		
Cash and Cash Equivalents	\$ 42	\$ 46
Investments	-	-
Due from other funds	-	-
	<u>-</u>	<u>-</u>
Total assets	<u>\$ 42</u>	<u>\$ 46</u>
LIABILITIES AND FUND EQUITY		
Liabilities:		
Due to other funds	\$ -	\$ -
Accounts payable	-	-
Total liabilities	<u>-</u>	<u>-</u>
FUND EQUITY	<u>42</u>	<u>46</u>
Total liabilities and fund equity	<u>\$ 42</u>	<u>\$ 46</u>

VANDERCOOK LAKE PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2007
(With comparative totals for the year ended June 30, 2006)

	<u>2007</u>	<u>2006</u>
REVENUES -		
Local Sources - Interest income	\$ -	\$ -
OTHER FINANCING SOURCES:		
Transfers in - General Fund	<u>136,031</u>	117,841
Total other financing sources	<u>136,031</u>	<u>117,841</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>136,031</u>	<u>117,841</u>
EXPENDITURES:		
Non-Instructional Support-		
Operations and Maintenance-		
Repairs	-	-
Noncapital furniture and equipment	-	-
Total Operations and Maintenance	<u>-</u>	<u>-</u>
Capital Outlay-		
Land acquisition	-	-
Professional services	-	-
Building improvements	122,631	107,255
Improvements other than buildings	-	-
Furniture and equipment	<u>13,404</u>	10,586
Total capital outlay	<u>136,035</u>	<u>117,841</u>
Miscellaneous:		
Other	-	-
Total miscellaneous	<u>-</u>	<u>-</u>
Total Expenditures	<u>136,035</u>	<u>117,841</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES	(4)	-
FUND BALANCE - BEGINNING	<u>46</u>	<u>46</u>
FUND BALANCE - ENDING	<u>\$ 42</u>	<u>\$ 46</u>

FIDUCIARY FUND FINANCIAL STATEMENTS

STUDENT ACTIVITY AGENCY FUND

Agency funds are custodial in nature. They are used to report assets received and disbursed by student and other school groups. The District acts as a receiving and paying agent for these groups

Agency Funds do not generate revenue and expenditure transactions, as the District is not conducting operations. Consequently, this fund reports assets and liabilities; it does not report equity. The District has one Agency Fund, recording receipts and disbursements for various student and other school groups.

The following information - Balance Sheet and Schedule of Receipts and Disbursements - is presented to assist in the analysis of the volume of activity conducted by student and other school groups.

VANDERCOOK LAKE SCHOOL DISTRICT
FIDUCIARY FUND - STUDENT ACTIVITY FUND
BALANCE SHEET
JUNE 30, 2007
(WITH COMPARATIVE TOTALS FROM JUNE 30, 2006)

ASSETS

	<u>2007</u>	<u>2006</u>
Cash	\$ 75,437	\$ 102,532
Accounts Receivable	-	-
Due from other funds	-	-
Total Assets	<u>\$ 75,437</u>	<u>\$ 102,532</u>

LIABILITIES

Due to other funds	\$ -	\$ -
Due to student groups	75,437	102,532
Total Liabilities	<u>\$ 75,437</u>	<u>\$ 102,532</u>

VANDERCOOK LAKE SCHOOL DISTRICT
FUDUCIARY FUND - STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS BY ACTIVITY
FOR THE YEAR ENDED JUNE 30, 2007

	BALANCE 6/30/2006	DEPOSITS	CHECKS	BALANCE 6/30/2007
Assets:				
Cash - Checking	\$ 102,532	\$ 632,024	\$ 659,119	\$ 75,437
Liabilities:				
Due To Other Groups:				
All Purpose	7,521	152,429	164,373	(4,423)
Art Club	300	-	-	300
Athletic Boosters	21,908	69,550	83,855	7,603
Athletics	862	14,344	15,206	-
Baseball	996	5,676	5,269	1,403
Basketball	1,930	6,313	6,818	1,425
Bowling	-	2,315	2,263	52
Cafeteria	830	45	-	875
Cheerleading	379	4,474	4,634	219
Class of 1961	344	-	-	344
Class of 2002	132	-	132	-
Class of 2003	877	-	400	477
Class of 2005	1,000	29	-	1,029
Class of 2006	89	21	32	78
Class of 2007	3,707	45	2,313	1,439
Class of 2008	1,021	3,691	1,956	2,756
Eighth Grade	478	-	150	328
Seventh Grade	282	39	163	158
Sixth Grade	600	1,062	1,300	362
Class of 2009	1,918	46	459	1,505
Class of 2010	-	1,830	1,677	153
Coaches	1,175	1,908	2,529	554
Dramatics	547	2,436	2,718	265
Elementary (PTO)	4,220	40,371	37,544	7,047
Elementary Library	-	5,203	3,903	1,300
Electronic Sign	7,000	17,530	21,991	2,539
FAIM-Parent Middle School	287	-	96	191
Football	4,905	11,543	15,146	1,302
Youth Football	4,042	9,980	6,400	7,622
Girls' Basketball	4,345	5,208	9,234	319
Golf	331	800	814	317
HS Student Council T-Shirts	-	920	920	-
Subtotal - Carryforward	\$ 72,026	\$ 357,808	\$ 392,295	\$ 37,539

VANDERCOOK LAKE SCHOOL DISTRICT
FUDUCIARY FUND - STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS BY ACTIVITY
FOR THE YEAR ENDED JUNE 30, 2007

	BALANCE 6/30/2006	DEPOSITS	CHECKS	BALANCE 6/30/2007
Liabilities: (Continued)				
Due To Other Groups: (Continued)	\$ 72,026	\$ 357,808	\$ 392,295	\$ 37,539
Student/Staff Appreciation	1,265	483	827	921
High School Student Council	272	6,180	5,228	1,224
High School office	57	-	-	57
Honor Society	69	587	516	140
Jackson Community Foundation	6,716	920	1,551	6,085
JCF Michael White Foundation	164	1	165	-
Jayhawk Journal	-	-	-	-
Latchkey	2,650	105,032	109,886	(2,204)
Middle School Student Council	1,046	6,583	6,050	1,579
Multi-Cultural Club	48	-	-	48
Band	-	-	-	-
Music Boosters	5,171	57,260	51,921	10,510
Music Boosters Trip	1,317	13,276	6,798	7,795
Popcorn Machine	100	-	100	-
Quiz Bowl	162	-	-	162
Respect	508	30	94	444
Reviewer	1,626	5,664	6,273	1,017
Reviewer 04/05	762	-	762	-
Revolving	1,340	15,215	13,937	2,618
Revolving-insurance	(4,791)	23,315	23,320	(4,796)
SADD	1,028	6,668	7,672	24
Science	659	-	-	659
Teamworks	260	1,728	1,284	704
Industrial Arts	237	7	-	244
Softball	310	2,955	3,055	210
Foreign Language Club	82	-	-	82
STAND	281	2,278	2,207	352
Teacher Sunshine Fund	407	417	255	569
Townsend Student Council	2,950	8,024	8,802	2,172
Townsend Fifth Grade	-	-	-	-
Track	2,129	12,453	11,188	3,394
Video Yearbook	-	-	-	-
Vocal Music	398	12	-	410
Volleyball	2,255	4,118	3,763	2,610
Wrestling	(26)	244	88	130
Girls Track	1,054	766	1,082	738
Total - Due to Other Student Groups	\$ 102,532	\$ 632,024	\$ 659,119	\$ 75,437

ADDITIONAL INFORMATION

SCHEDULES

Tax Levy and Collection Recap - Summer 2006 Levy

2004 Refunding Bond Amortization Schedule

1998 School Improvement (*Durant*) Bond Amortization Schedule

2003 County National Bank Installment Purchase Agreement Amortization Schedule

2006 Ford Motor Credit Capital Lease Amortization Schedule

VANDERCOOK LAKE PUBLIC SCHOOLS

TAX LEVY AND COLLECTION RECAP - SUMMER 2006 TAX LEVY FOR THE YEAR ENDED JUNE 30, 2007

	<u>TAXABLE VALUE</u>	<u>MILLAGE RATE (Per \$1,000)</u>	<u>TOTAL LEVY</u>	<u>CURRENT COLLECTIONS</u>
<u>General Operating:</u>				
Non-homestead property	<u>\$ 31,715,956</u>	17.8403	<u>\$ 577,502</u>	<u>\$ 509,143</u>
<u>Debt Service:</u>				
Homestead property	\$ 67,293,915			
Non-homestead property	<u>32,370,815</u>			
Total levy	<u>\$ 99,664,730</u>	4.2000	<u>\$ 418,582</u>	<u>\$ 385,960</u>
Industrial Facilities Tax	<u>\$ 1,935,200</u>	2.1000	<u>\$ 4,064</u>	<u>\$ 4,064</u>

VANDERCOOK LAKE PUBLIC SCHOOLS

**TAX LEVY AND COLLECTION RECAP - SUMMER 2006 TAX LEVY
FOR THE YEAR ENDED JUNE 30, 2007**

DELINQUENTS PAID BY COUNTY	TOTAL	RECEIVABLE BALANCE
<u>\$ 66,798</u>	<u>\$ 575,941</u>	<u>\$ 1,561</u>
<u>\$ 32,255</u>	<u>\$ 418,215</u>	<u>\$ 367</u>
<u>\$ -</u>	<u>\$ 4,064</u>	<u>\$ -</u>

VANDERCOOK LAKE PUBLIC SCHOOLS

2004 \$4,815,000 REFUNDING BONDS AMORTIZATION SCHEDULE

<u>PAYMENT</u> <u>DATE</u>	<u>INTEREST</u> <u>RATE</u>	<u>PRINCIPAL</u> <u>DUE</u>	<u>INTEREST</u> <u>DUE</u>	<u>TOTAL</u> <u>PAYMENT</u>	<u>FISCAL YR</u> <u>TOTAL</u>	<u>BALANCE</u>
8/31/2004						\$ 4,815,000.00
5/1/2005	2.000%	\$ 55,000.00	\$ 120,592.05	\$ 175,592.05	\$ 175,592.05	4,760,000.00
11/1/2005		-	89,518.75	89,518.75		
5/1/2006	2.500%	60,000.00	89,518.75	149,518.75	239,037.50	4,700,000.00
11/1/2006		-	88,768.75	88,768.75		
5/1/2007	2.500%	220,000.00	88,768.75	308,768.75	397,537.50	4,480,000.00
11/1/2007		-	86,018.75	86,018.75		
5/1/2008	2.750%	230,000.00	86,018.75	316,018.75	402,037.50	4,250,000.00
11/1/2008		-	82,856.25	82,856.25		
5/1/2009	3.000%	240,000.00	82,856.25	322,856.25	405,712.50	4,010,000.00
11/1/2009		-	79,256.25	79,256.25		
5/1/2010	3.250%	250,000.00	79,256.25	329,256.25	408,512.50	3,760,000.00
11/1/2010		-	75,193.75	75,193.75		
5/1/2011	3.500%	255,000.00	75,193.75	330,193.75	405,387.50	3,505,000.00
11/1/2011		-	70,731.25	70,731.25		
5/1/2012	3.750%	265,000.00	70,731.25	335,731.25	406,462.50	3,240,000.00
11/1/2012		-	65,762.50	65,762.50		
5/1/2013	3.600%	275,000.00	65,762.50	340,762.50	406,525.00	2,965,000.00
11/1/2013		-	60,812.50	60,812.50		
5/1/2014	3.700%	285,000.00	60,812.50	345,812.50	406,625.00	2,680,000.00
11/1/2014		-	55,540.00	55,540.00		
5/1/2015	3.850%	295,000.00	55,540.00	350,540.00	406,080.00	2,385,000.00
11/1/2015		-	49,861.25	49,861.25		
5/1/2016	3.900%	310,000.00	49,861.25	359,861.25	409,722.50	2,075,000.00
11/1/2016		-	43,816.25	43,816.25		
5/1/2017	4.000%	320,000.00	43,816.25	363,816.25	407,632.50	1,755,000.00
11/1/2017		-	37,416.25	37,416.25		
5/1/2018	4.050%	335,000.00	37,416.25	372,416.25	409,832.50	1,420,000.00
11/1/2018		-	30,632.50	30,632.50		
5/1/2019	4.150%	345,000.00	30,632.50	375,632.50	406,265.00	1,075,000.00
11/1/2019		-	23,473.75	23,473.75		
5/1/2020	4.250%	355,000.00	23,473.75	378,473.75	401,947.50	720,000.00
11/1/2020		-	15,930.00	15,930.00		
5/1/2021	4.400%	360,000.00	15,930.00	375,930.00	391,860.00	360,000.00
11/1/2021		-	8,010.00	8,010.00		
5/1/2022	4.450%	360,000.00	8,010.00	368,010.00	376,020.00	-
		<u>\$ 4,815,000.00</u>	<u>\$ 2,047,789.55</u>	<u>\$ 6,862,789.55</u>	<u>\$ 6,862,789.55</u>	

VANDERCOOK LAKE PUBLIC SCHOOLS

1998 SCHOOL IMPROVEMENT BONDS (*DURANT* BONDS) AMORTIZATION SCHEDULE

PAYMENT DATE	INTEREST RATE	PRINCIPAL DUE	INTEREST DUE	TOTAL PAYMENT	PRINCIPAL BALANCE
1999					91,366.00
1999	4.761%	9,365.25	2,066.37	11,431.62	82,000.75
2000	4.761%	7,516.82	3,904.35	11,421.17	74,483.93
2001	4.761%	7,870.96	3,546.44	11,417.40	66,612.97
2002	4.761%	8,242.26	3,171.68	11,413.94	58,370.71
2003	4.761%	-	-	-	58,370.71
2004	4.761%	-	-	-	58,370.71
2005	4.761%	-	-	-	58,370.71
2006	4.761%	20,923.46	9,353.77	30,277.23	37,447.25
2007	4.761%	-	-	-	37,447.25
2008	4.761%	-	-	-	37,447.25
2009	4.761%	1,739.37	4,676.79	6,416.16	35,707.88
2010	4.761%	5,326.67	1,089.25	6,415.92	30,381.21
2011	4.761%	18,411.43	835.63	19,247.06	11,969.78
2012	4.761%	5,845.76	569.92	6,415.68	6,124.02
2013	4.761%	6,124.02	291.59	6,415.61	(0.00)
		<u>91,366.00</u>	<u>29,505.78</u>	<u>120,871.78</u>	

VANDERCOOK LAKE PUBLIC SCHOOLS

**2003 COUNTY NATIONAL BANK INSTALLMENT PURCHASE
AGREEMENT AMORTIZATION SCHEDULE**

PAYMENT DATE	INTEREST RATE	PRINCIPAL DUE	INTEREST DUE	TOTAL PAYMENT	PRINCIPAL BALANCE
7/15/2003					\$ 103,600.00
7/15/2004	2.140%	\$ 19,835.54	\$ 2,253.99	\$ 22,089.53	83,764.46
7/15/2005	2.140%	20,273.26	1,816.27	22,089.53	63,491.20
7/15/2006	2.140%	20,715.57	1,373.96	22,089.53	42,775.63
7/15/2007	2.140%	21,161.42	928.11	22,089.53	21,614.21
7/15/2008	2.140%	21,614.21	475.32	22,089.53	-
		<u>\$ 103,600.00</u>	<u>\$ 6,847.65</u>	<u>\$ 110,447.65</u>	

VANDERCOOK LAKE PUBLIC SCHOOLS

2006 FORD MOTOR CREDIT CAPITAL LEASE AMORTIZATION SCHEDULE

PAYMENT DATE	INTEREST RATE	PRINCIPAL DUE	INTEREST DUE	TOTAL PAYMENT	PRINCIPAL BALANCE
12/8/2005					\$ 23,430.00
12/8/2005	6.750%	\$ 5,317.25	\$ -	\$ 5,317.25	18,112.75
12/8/2006	6.750%	4,094.64	9,353.77	13,448.41	14,018.11
12/8/2007	6.750%	4,371.03	1,783.00	6,154.03	9,647.08
12/8/2008	6.750%	4,666.07	1,562.45	6,228.52	4,981.01
12/8/2009	6.750%	4,981.01	291.60	5,272.61	0.00
		<u>\$ 23,430.00</u>	<u>\$ 12,990.82</u>	<u>\$ 36,420.82</u>	

REQUIRED REPORT UNDER *GOVERNMENT AUDITING STANDARDS*

MARKOWSKI & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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CERTIFIED PUBLIC ACCOUNTANTS

ESTATE PLANNING COUNCIL OF
SOUTH CENTRAL MICHIGAN

K. LAVERNE MARKOWSKI, C.P.A.

RONALD L. MARKOWSKI, C.P.A.

DOUGLAS E. ATKINS, C.P.A.

SCOTT O. McLANE

RANDALL D. BIDDIX, C.P.A.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

To the Board of Education
Vandercook Lake Public Schools
Jackson, Michigan

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Vandercook Lake Public Schools, as of and for the year ended June 30, 2007, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 11, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Vandercook Lake Public Schools' internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the effectiveness of internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Vandercook Lake Public Schools' internal control over financial reporting.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control.

To the Board of Education
Vandercook Lake Public Schools
Page Two

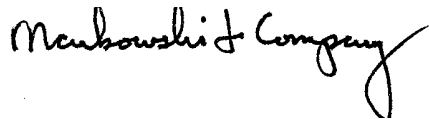
A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Vandercook Lake Public Schools' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Education, its finance committee, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



MARKOWSKI & COMPANY CPAs
November 11, 2007

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ESTATE PLANNING COUNCIL OF
SOUTH CENTRAL MICHIGAN

To the Board of Education
Vandercook Lake Public Schools
Jackson, Michigan

We have audited the financial statements of the **Vandercook Lake Public Schools** for the year ended June 30, 2007, and have issued our report thereon dated November 11, 2007. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under Generally Accepted Auditing Standards

As stated in our engagement letter dated August 14, 2007, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that financial statements are free of material misstatement and are fairly presented in accordance with accounting principles generally accepted in the United States of America. Because an audit is designed to provide reasonable, but not absolute, assurance and because we did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us.

As part of our audit, we considered the internal control of Vandercook Lake Public Schools. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

Significant Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Vandercook Lake Public Schools are described in Note A to the basic financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2006. We noted no transactions entered into by Vandercook Lake Public Schools during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements is: management's estimate of the salvage value of fixed assets, and their useful lives. We evaluated the key factors and assumptions used to develop these estimates and determined that it is reasonable in relation to the financial statements taken as a whole.

Significant Audit Adjustments

For purposes of this letter, professional standards define a significant audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on the Vandercook Lake Public Schools' financial reporting process (that is, cause future financial statements to be materially misstated). In our judgment, none of the adjustments we proposed, whether recorded or unrecorded by the Vandercook Lake Public Schools either individually or in aggregate, indicate matters that could have a significant effect on the Vandercook Lake Public Schools' financial reporting process.

We did assist with the preparation of entries to record accruals of receivables and payables (accounts payable and accrued benefits), but these were approved by management prior to posting them to the general ledger.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Issues Discussed Prior to Retention of Independent Auditors

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Vandercook Lake Public Schools' auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Difficulties Encountered in Performing the Audit

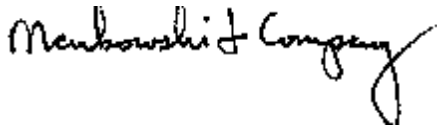
We encountered no significant difficulties in dealing with management in performing our audit. We were very pleased with the cooperation of the administrative staff. The staff, especially Diane Riedel, Mary Sharp and Dawn Bitner, was very helpful during our audit.

Comments and Recommendations

Our reports on internal control and compliance revealed no findings, questioned costs, or material weaknesses in internal control.

This information is intended solely for the use of the Board of Education and management of Vandercook Lake Public Schools and should not be used for any other purpose

Sincerely,

A handwritten signature in cursive script, appearing to read "Markowski & Company".

MARKOWSKI & COMPANY CPAs

November 11, 2007